

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE PRODUCTION COMPANY)	DIVISION OF
)	GAS AND OIL
)	
RELIEF SOUGHT: EXCEPTION TO STATEWIDE)	DOCKET NO.
SPACING LIMITATIONS)	01-0717-0904
PREScribed BY VIRGINIA)	
CODE ANN. § 45.1-361.17(A)(2))	
)	
LEGAL DESCRIPTION:)	
)	
WELL NUMBER V-4041)	
HAGAN ESTATES TRACT 91)	
WISE QUADRANGLE)	
FLOYD MAGISTERIAL DISTRICT)	
SCOTT COUNTY, VIRGINIA)	

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on July 17, 2001, Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant, and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the Applicant has exercised due diligence to locate and provide notice to all persons entitled to notice of this proceeding.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well Number V-4041 for Applicant's development and operation of Conventional Gas from the Mississippian and Devonian Age formations including, but not limited to the Base Lee Sands, Ravencliff, Maxon, Little Lime, Big Lime, Top Weir, Base Weir, Sunbury, Coffee Shale, Berea, Cleveland, Upper Huron, Middle Huron, Lower Huron and Olentangy

formations, from surface to total depth drilled of 4,054 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number V-4041 2,222.7 feet from existing EPC Well Number V-4043 and 2,166.39 feet from existing EPC Well V-4042, all at the locations depicted on Exhibit A hereto.

5. Amendment: None

6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:

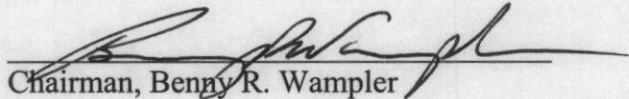
- (1) The surface owner, the U. S. Forest Service, and the Applicant have agreed to the location for the Well depicted on the plat attached hereto as Exhibit A as being a location that will have minimum environmental impacts as revealed through an environmental assessment and archeological survey done by said surface owner, and that will not significantly interfere with said owner's surface uses or potential archeological uses, including potential archeological site(s) within the Jefferson National Forest.
- (2) The proposed Well V-4041 is located on a coal, oil and gas tract consisting of 878.40 acres, known as Hagan Estates Tract 91, and the coal, gas and oil owner has consented to the proposed location for Well V-4041 depicted on the Plat attached hereto as Exhibit A.
- (3) The Applicant represents it has the right to operate and develop the reciprocal Wells V-4042 and V-4043, and that the granting of the application does not impact the correlative rights of any person.
- (4) An expert witness testified that the requested location exception is necessary to efficiently drain a portion of the common sources of supply (reservoir) underlying the drilling unit, and that granting of the location exception was in the best interest of preventing the waste of 400 mmcf in conventional gas reserves, protecting correlative rights and maximizing recovery of Conventional Gas underlying Subject Drilling Unit to be served by Well V-4041.

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the Applicant to permit and drill Well Number V-4041 2,222.7 feet from existing EPC Well V-4043 and 2,166.39 feet from existing EPC Well V-4042, all at the locations depicted on Exhibit A hereto.

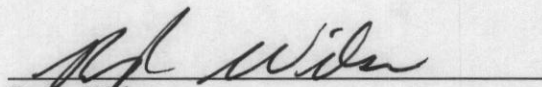
8. Findings: That the well location exception is needed in order to prevent the waste of 400 mmcf of Conventional Gas reserves, protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 2nd day of October, 2001 by a majority of the Virginia Gas and Oil Board.

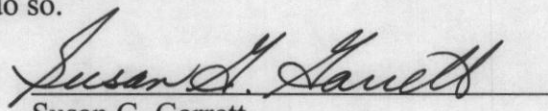

Chairman, Benny R. Wampler

DONE AND PERFORMED this 3rd day of October, 2001, by order of this Board.


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

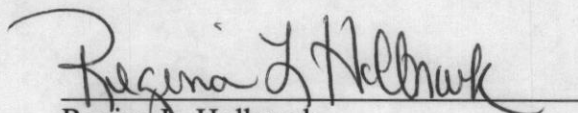
Acknowledged on this 2nd day of October, 2001, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn, did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

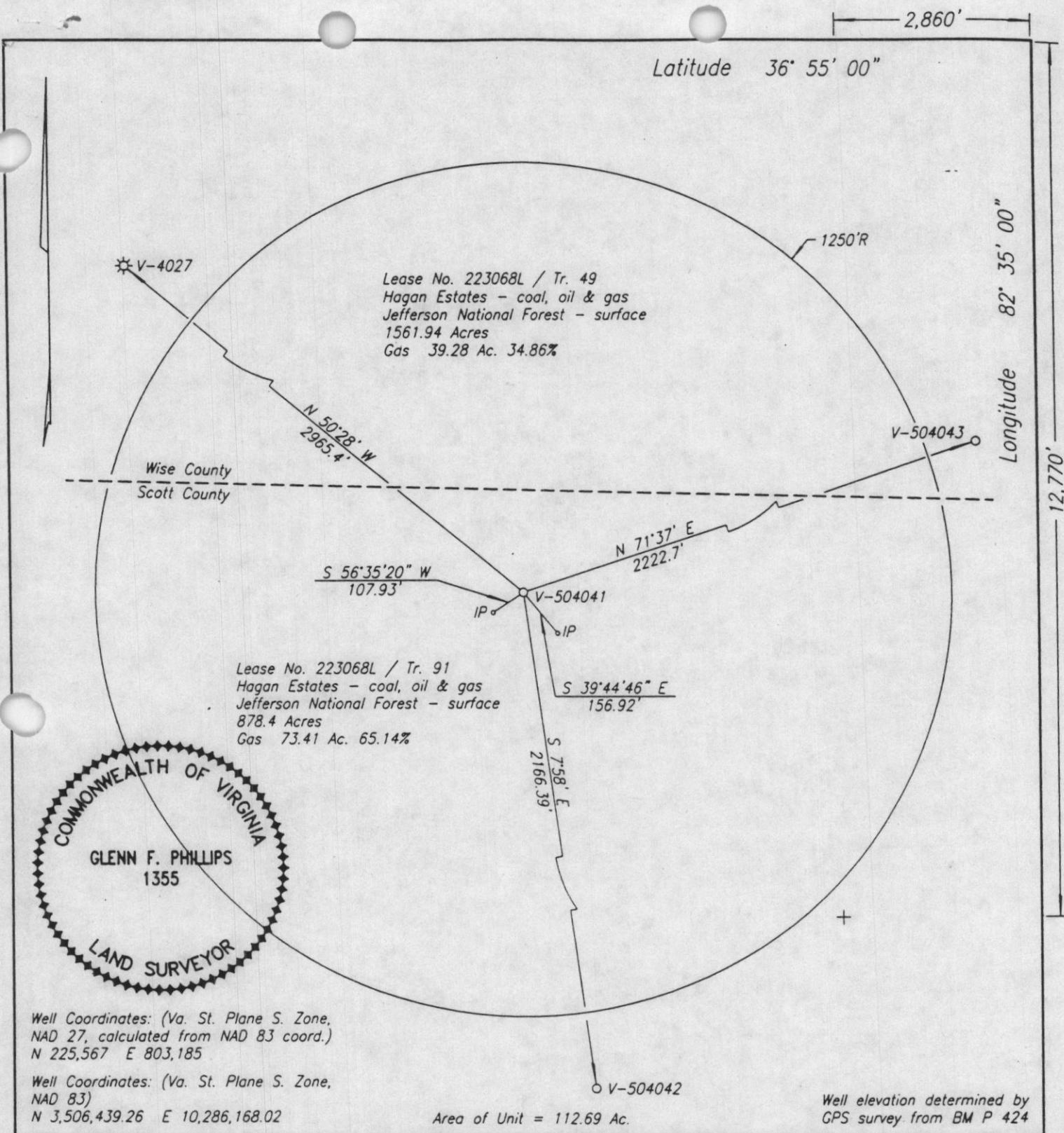
My commission expires: July 31, 2002

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 3rd day of October, 2001, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn, did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Regina L. Holbrook
Notary Public

My commission expires: July 31, 2002



WELL LOCATION PLAT

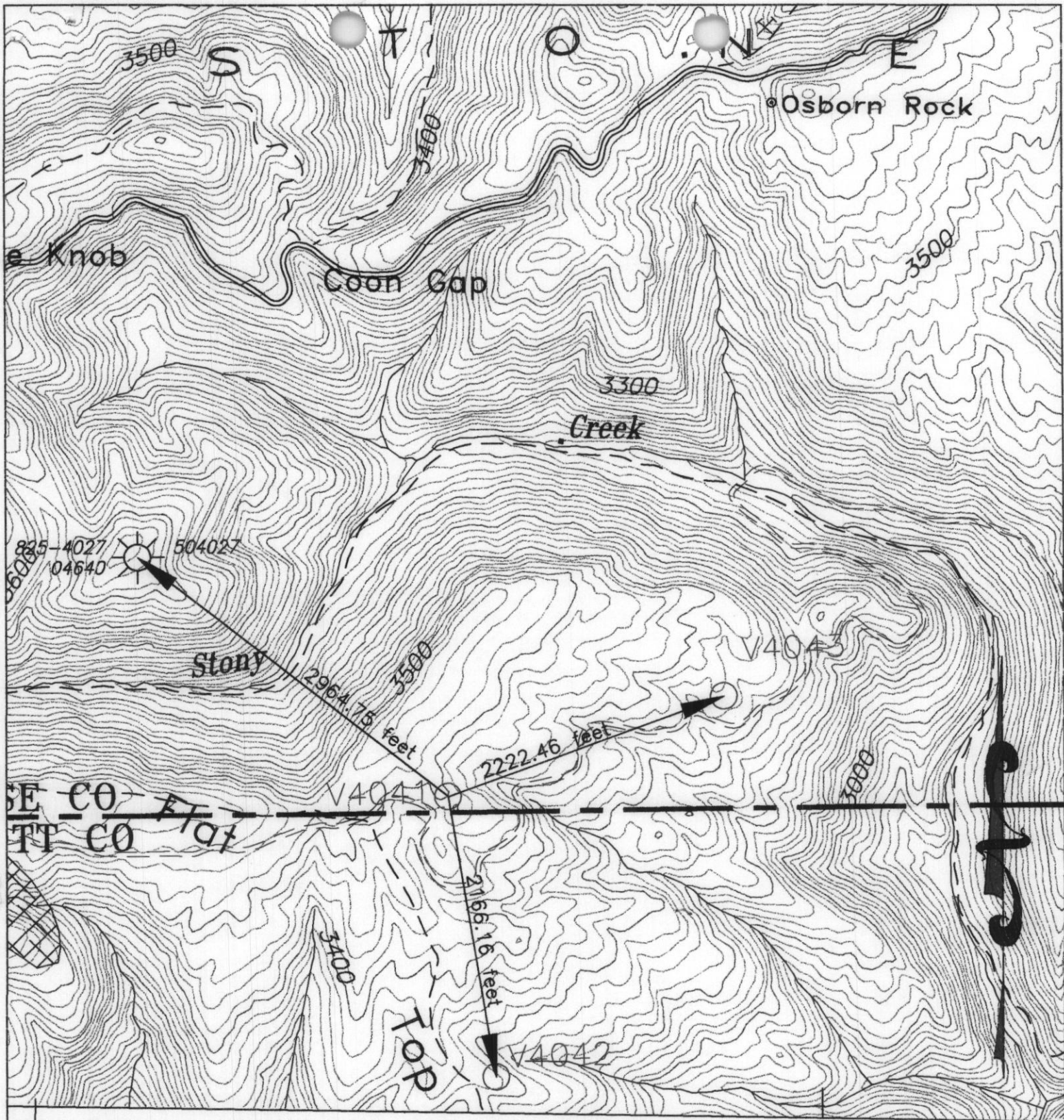
COMPANY Equitable Production Company WELL NAME AND NUMBER V-504041
TRACT NO. 91 ELEVATION 3491.81' QUADRANGLE Wise
COUNTY Scott DISTRICT Floyd SCALE 1" = 400' DATE 6-12-2001

This Plat is a new plat x; an updated plat ; or a final location plat

+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

Glenn F. Phillips

~~Licensed Professional Engineer~~ or Licensed Land Surveyor



EQUITABLE PRODUCTION Company

Cloverleaf Square
Building G
Big Stone Gap, Va 24219
(540) 523-5003

EXHIBIT V-4041

WISE VA 7.5' QUADRANGLE
GLADEVILLE DISTRICT
WISE COUNTY, VA
SCALE: 1"= 1000'

SURVEYED BY: G. PHILLIPS

DRAFTED BY: R. COLLINS

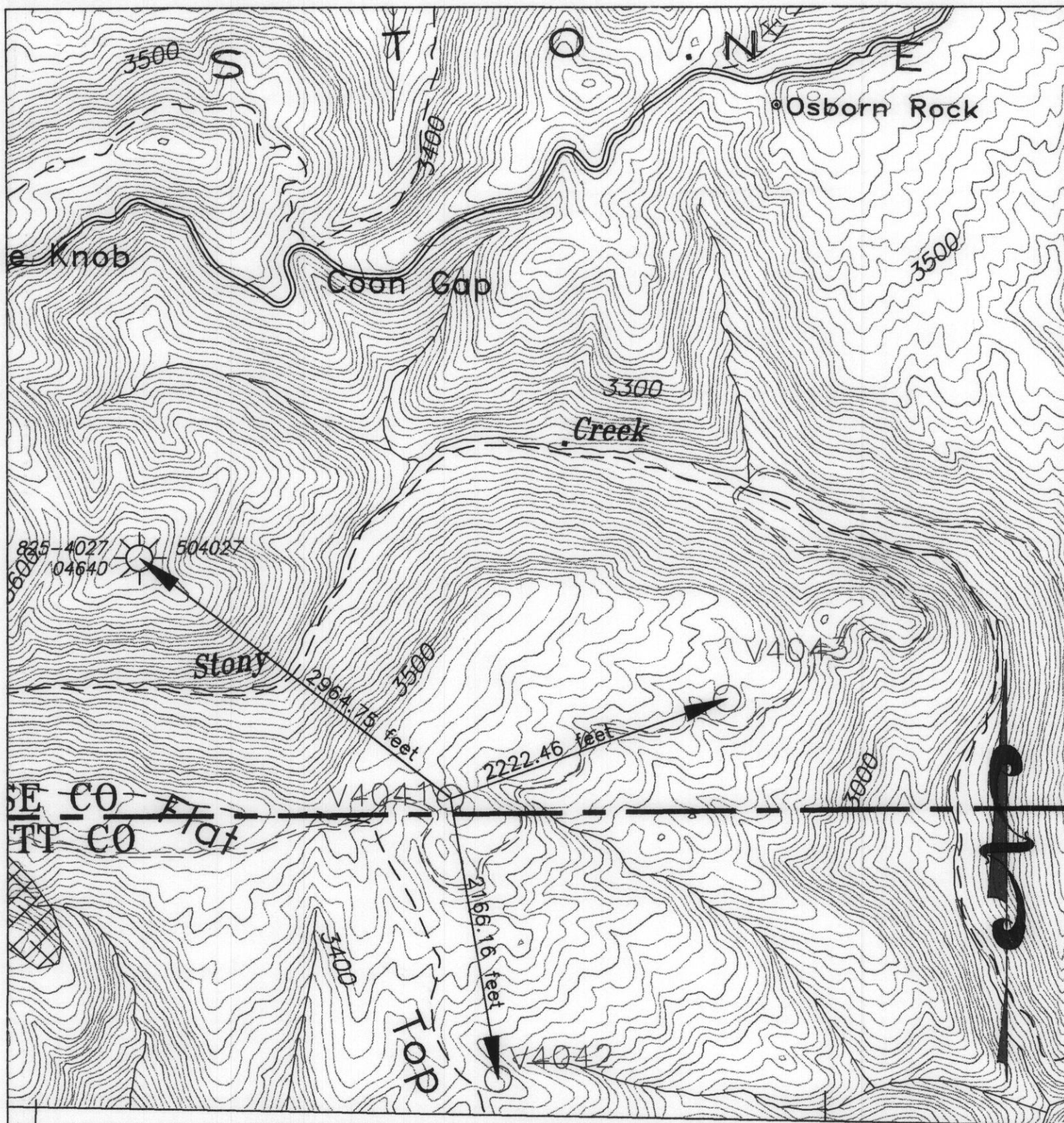
DATE: 7/12/2001

DRAWING: V4041EX.DWG

EXHIBIT B

V-504041

The Hagan Estates, Incorporated
314 West Main Street
P.O. Box 675
Tazewell, VA 24651-0675
Attn: George Williams



EQUITABLE PRODUCTION Company

Cloverleaf Square
Building G
Big Stone Gap, Va 24219
(540) 523-5003

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